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ROMA GROUP LIMITED

羅馬集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8072)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2020**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Roma Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purposes only

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2020:

- Revenue increased to approximately HK\$76.2 million, representing an increase of approximately 8.6% as compared with that for the year ended 31 March 2019;
- Loss for the year amounted to approximately HK\$158.4 million whereas there was a loss of approximately HK\$71.4 million for the year ended 31 March 2019;
- Basic and diluted loss per share attributable to owners of the Company were HK\$1.32; and
- No final dividend has been declared.

ANNUAL RESULTS

The board of Directors (the “Board”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2020 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Revenue	4	76,172	70,150
Other income and loss	6	6,016	4,711
Change in fair value of investment property	14	(1,500)	462
Employee benefit expenses	7	(43,615)	(39,646)
Depreciation and amortisation	8	(9,125)	(5,042)
Allowance for expected credit losses	8	(125,182)	(60,520)
Finance costs	9	(3,251)	(2,503)
Other expenses		<u>(59,661)</u>	<u>(39,161)</u>
Loss before income tax	8	(160,146)	(71,549)
Income tax credit	10	<u>1,770</u>	<u>134</u>
Loss for the year attributable to owners of the Company		(158,376)	(71,415)
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss:			
– Change in fair value of financial assets at fair value through other comprehensive income		<u>(9,746)</u>	<u>(12,030)</u>
Total comprehensive loss for the year		<u>(168,122)</u>	<u>(83,445)</u>
		HK\$	HK\$ (Restated)
Loss per share			
– Basic	12	<u>(1.32)</u>	<u>(0.52)</u>
– Diluted	12	<u>(1.32)</u>	<u>(0.52)</u>

Note: The Group has initially applied HKFRS 16 effective from 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	1,476	3,883
Investment property	14	11,000	12,500
Intangible assets	15	5,294	16,212
Goodwill	16	3,168	15,242
Financial asset at fair value through other comprehensive income	17	3,780	13,526
Loan and interest receivables	18	115,295	166,858
Deposit	20	–	800
Deferred tax assets		<u>3</u>	<u>1,284</u>
		<u>140,016</u>	<u>230,305</u>
Current assets			
Loan and interest receivables	18	243,894	192,993
Trade receivables	19	12,370	10,138
Prepayments, deposits, other receivables and contract assets	20	9,921	20,961
Financial assets at fair value through profit or loss	17	742	–
Tax recoverable		–	2,239
Pledged bank deposits		48,157	108,557
Cash and bank balances – general accounts		19,216	109,856
Cash and bank balances – segregated accounts		<u>798</u>	<u>–</u>
		<u>335,098</u>	<u>444,744</u>
Current liabilities			
Trade payables	21	1,687	338
Accrued liabilities, other payables and contract liabilities	22	48,617	36,866
Finance lease liabilities	23	–	944
Lease liabilities	23	401	–
Interest-bearing borrowings	24	55,645	100,000
Current tax liabilities		<u>14</u>	<u>259</u>
		<u>106,364</u>	<u>138,407</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net current assets		<u>228,734</u>	<u>306,337</u>
Total assets less current liabilities		<u>368,750</u>	<u>536,642</u>
Non-current liabilities			
Finance lease liabilities	23	–	640
Lease liabilities	23	238	–
Deferred tax liabilities		<u>816</u>	<u>2,300</u>
		<u>1,054</u>	<u>2,940</u>
Net assets		<u>367,696</u>	<u>533,702</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	1,350	172,826
Reserves		<u>366,346</u>	<u>360,876</u>
Total equity		<u>367,696</u>	<u>533,702</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital <i>(note 25)</i> <i>HK\$'000</i>	Shares held for share award plan* <i>(the "Plan")</i> <i>HK\$'000</i>	Share premium* <i>HK\$'000</i>	Capital reserve* <i>HK\$'000</i>	Share option reserve* <i>HK\$'000</i>	Revaluation reserve* <i>HK\$'000</i>	Retained earnings/ (Accumulated losses)* <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 April 2018	199,994	-	410,059	10	-	556	68,800	679,419
Shares repurchased and cancelled <i>(note 25(a))</i>	(27,168)	-	(11,626)	-	-	-	-	(38,794)
Recognition of share-based payment	-	-	-	-	2,763	-	-	2,763
Purchase of shares for the Plan	-	(26,241)	-	-	-	-	-	(26,241)
Transactions with owners	(27,168)	(26,241)	(11,626)	-	2,763	-	-	(62,272)
Loss for the year	-	-	-	-	-	-	(71,415)	(71,415)
Other comprehensive loss								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(12,030)	-	(12,030)
Total comprehensive loss	-	-	-	-	-	(12,030)	(71,415)	(83,445)
Balance at 31 March 2019 and 1 April 2019	172,826	(26,241)	398,433	10	2,763	(11,474)	(2,615)	533,702
Capital reduction <i>(note 25(c))</i>	(171,476)	-	171,476	-	-	-	-	-
Recognition of share-based payment	-	-	-	-	2,116	-	-	2,116
Transactions with owners	(171,476)	-	171,476	-	2,116	-	-	2,116
Loss for the year	-	-	-	-	-	-	(158,376)	(158,376)
Other comprehensive loss								
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(9,746)	-	(9,746)
Total comprehensive loss	-	-	-	-	-	(9,746)	(158,376)	(168,122)
Balance at 31 March 2020	<u>1,350</u>	<u>(26,241)</u>	<u>569,909</u>	<u>10</u>	<u>4,879</u>	<u>(21,220)</u>	<u>(160,991)</u>	<u>367,696</u>

* The total of these balances represents "Reserves" in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. Its principal place of business in Hong Kong is located at 22/F., China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong. The principal activity of the Company is an investment holding company and its subsidiaries (collectively the “Group”) are principally engaged in the provision of valuation and advisory services and financing services. During the year ended 31 March 2020, the Group also expanded its principal activities to provide securities broking, placing and underwriting and investment advisory and asset management services.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of placing since 25 February 2013 (the “Listing Date”).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16 “Leases”

HKFRS 16 “Leases” replaces HKAS 17 “Leases” along with three Interpretations (HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC) – Int 15 “Operating Leases-Incentives” and HK(SIC) – Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of accumulated losses for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC) – Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC) – Int 4.

As a lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historical assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 2.51% per annum.

For those leases previously classified as finance leases, the right-of-use assets and lease liabilities are measured at the date of initial application at the same amounts as under HKAS 17 immediately before the date of initial application.

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	<i>HK\$'000</i>
Total operating lease commitments disclosed at 31 March 2019	4,631
Recognition exemptions:	
Leases with remaining lease term of less than 12 months	<u>(112)</u>
Operating leases liabilities before discounting	4,519
Finance leases obligation under HKAS 17	1,584
Discounting using incremental borrowing rate as at 1 April 2019	<u>(61)</u>
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	<u><u>6,042</u></u>
Classified as:	
– Current lease liabilities	5,402
– Non-current lease liabilities	<u>640</u>
	<u><u>6,042</u></u>

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	31 March 2019		
	As originally presented	Adoption of HKFRS 16	1 April 2019 Adjusted
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	–	4,458	4,458
Current liabilities			
Finance lease liabilities	944	(944)	–
Lease liabilities	–	5,402	5,402
Non-current liabilities			
Finance lease liabilities	640	(640)	–
Lease liabilities	–	640	640

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁵

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective date not yet determined

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments clarify the definition of material and state that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold “could influence” with “could reasonably be expected to influence” in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

Amendments to HKAS 1 and HKAS 8 are effective for annual reporting period beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The Directors expect that the amendments have no material impact on the Group’s consolidated financial statements.

3. BASIS OF PREPARATION AND PRESENTATION

3.1 Statement of compliance

The consolidated financial statements for the year ended 31 March 2020 (the “Consolidated Financial Statements”) have been prepared in accordance with HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong.

The Consolidated Financial Statements also comply with the applicable disclosure requirements of Companies Ordinance, Chapter 622 of the laws of Hong Kong and include applicable disclosures required by the GEM Listing Rules.

3.2 Basis of measurement

The Consolidated Financial Statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (“FVTOCI”), financial assets at fair value through profit or loss (“FVTPL”) and investment property, which are measured at fair value.

3.3 Functional and presentation currency

The Consolidated Financial Statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and its principal subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. REVENUE

The Group’s principal activities are provision of (i) valuation and advisory; (ii) financing services; and (iii) securities broking, placing and underwriting and investment advisory and asset management services. An analysis of the Group’s revenue for the year is as follows:

	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Valuation and advisory services	44,702	47,389
Securities broking, placing and underwriting and investment advisory and asset management services	4,909	–
Revenue from other sources:		
Interest income from provision of financing services	<u>26,561</u>	<u>22,761</u>
	<u>76,172</u>	<u>70,150</u>

5. SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the Company’s executive directors. During the year ended 31 March 2020, the executive directors have identified “Securities broking, placing and underwriting and investment advisory and asset management services” as a reporting segment in addition to the “valuation and advisory services”, “financing services” and “other segments” which have been identified in the prior year. For the year ended 31 March 2020, the executive directors have identified the Group’s service lines as reportable operating segments as follows:

(i) Valuation and advisory services

Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument valuation and advisory services.

(ii) Financing services

Provision of financial services including personal loans, commercial loans and mortgages loans to individuals and corporations.

- (iii) Securities broking, placing and underwriting and investment advisory and asset management services

Provision of securities broking and trading of securities services to investors, equity and debt securities placing and underwriting services to listed companies, and investment advisory and asset management services to professional investors.

- (iv) Other segments

Mainly represents other operations of head office.

(a) **Business segments**

	Valuation and advisory services <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Securities broking, placing and underwriting and investment advisory and asset management services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
31 March 2020					
Segment revenue <i>(note (i))</i>	<u>44,702</u>	<u>26,561</u>	<u>4,909</u>	<u>-</u>	<u>76,172</u>
Segment results <i>(note (ii))</i>	<u>(37,819)</u>	<u>(103,612)</u>	<u>(2,853)</u>	<u>(1)</u>	<u>(144,285)</u>
Other segment information					
Depreciation	(100)	(5)	(28)	-	(133)
Amortisation	(2,183)	-	-	-	(2,183)
Net impairment loss on loan and interest receivables	-	(122,423)	-	-	(122,423)
Net impairment loss on trade receivables	(1,561)	-	-	-	(1,561)
Net impairment loss on deposits, other receivables and contract assets	-	(680)	(26)	(492)	(1,198)
Impairment loss on goodwill	(15,242)	-	(4,360)	-	(19,602)
Impairment loss on intangible assets	(14,049)	-	-	-	(14,049)
Decrease in fair value of investment property	-	-	-	(1,500)	(1,500)
Income tax credit	1,188	506	-	76	1,770
Additions to non-current assets (excluding financial instruments) <i>(note (iii))</i>	415	-	12,504	-	12,919
Segment assets	15,148	366,373	8,459	11,150	401,130
Segment liabilities	<u>(48,275)</u>	<u>(815)</u>	<u>(1,666)</u>	<u>(80)</u>	<u>(50,836)</u>

	Valuation and advisory services <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Securities broking, placing and underwriting and investment advisory and asset management services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2019					
Segment revenue (<i>note (i)</i>)	<u>47,389</u>	<u>22,761</u>	<u>-</u>	<u>-</u>	<u>70,150</u>
Segment results (<i>note (ii)</i>)	<u>(18,222)</u>	<u>(38,787)</u>	<u>-</u>	<u>(1,788)</u>	<u>(58,797)</u>
Other segment information					
Depreciation	(111)	(4)	-	(42)	(157)
Amortisation	(2,153)	-	-	-	(2,153)
Net impairment loss on loan and interest receivables	-	(26,063)	-	-	(26,063)
Net impairment loss on trade receivables	(2,174)	-	-	-	(2,174)
Net impairment loss on deposits, other receivables and contract assets	(6,870)	(26,441)	-	(176)	(33,487)
Impairment loss on goodwill	(10,087)	-	-	-	(10,087)
Increase in fair value of investment property	-	-	-	462	462
Income tax credit/(expense)	272	(46)	-	(92)	134
Additions to non-current assets (excluding financial instruments)	127	23	-	110	260
Segment assets	48,388	376,969	-	13,293	438,650
Segment liabilities	<u>(37,994)</u>	<u>(1,483)</u>	<u>-</u>	<u>(162)</u>	<u>(39,639)</u>

Notes:

- (i) Segment revenue reported above represents revenue generated from external customers. There were no material inter-segment sales for both years.
- (ii) The accounting policies of the operating segments are same as the Group's accounting policies. Segment results represents the profit earned or the loss incurred by each segment without allocation of corporate income and central administrative costs. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.
- (iii) Additions include those arising from acquisition of a subsidiary (note 26).

(b) **Reconciliation of reportable segment loss, assets and liabilities**

	2020	2019
	HK\$'000	HK\$'000
Loss before income tax		
Reportable segment loss	(144,285)	(58,797)
Unallocated interest income	3,663	3,137
Unallocated employee benefit expenses	(4,022)	(6,799)
Unallocated depreciation	(6,809)	(2,732)
Unallocated finance costs	(3,251)	(2,503)
Unallocated other expenses	(4,648)	(3,855)
Unallocated change in fair value of financial assets at FVTPL	(794)	–
	<u>(160,146)</u>	<u>(71,549)</u>
Assets		
Reportable segment assets	401,130	438,650
Unallocated property, plant and equipment	1,151	3,502
Unallocated financial assets at FVTOCI	3,780	13,526
Unallocated financial assets at FVTPL	742	–
Unallocated pledged bank deposits	48,157	108,557
Unallocated deposit	–	800
Unallocated cash and bank balances	20,014	109,856
Unallocated corporate assets	140	158
	<u>475,114</u>	<u>675,049</u>
Liabilities		
Reportable segment liabilities	(50,836)	(39,639)
Unallocated finance lease liabilities	–	(1,584)
Unallocated lease liabilities	(639)	–
Unallocated interest-bearing borrowings	(55,645)	(100,000)
Unallocated corporate liabilities	(298)	(124)
	<u>(107,418)</u>	<u>(141,347)</u>

(c) **Disaggregation of revenue from contracts with customers**

In the following table, revenue is disaggregated by timing over revenue recognition (under HKFRS 15). The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Valuation and advisory services <i>HK\$'000</i>	Financing services <i>HK\$'000</i>	Securities broking, placing and underwriting and investment advisory and asset management services <i>HK\$'000</i>	Other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2020					
- At a point in time	44,702	-	4,799	-	49,501
- Over time	-	-	110	-	110
	<u>44,702</u>	<u>-</u>	<u>4,909</u>	<u>-</u>	<u>49,611</u>
For the year ended 31 March 2019					
- At a point in time	47,389	-	-	-	47,389

(d) **Geographical segment information**

All of the revenue from external customers and non-current assets of the Group are derived from activities or located in Hong Kong. Accordingly, no geographical information is presented.

(e) **Information about major customer**

For the years ended 31 March 2020 and 2019, none of the customers contributed 10% or more of the revenue of the Group.

6. OTHER INCOME AND LOSS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Bank interest income	3,663	3,137
Reimbursement of expenses	440	501
Rental income	192	105
Other marketing service income	2,513	300
Sundry income	<u>2</u>	<u>668</u>
	<u>6,810</u>	<u>4,711</u>
Other loss		
Net fair value loss on financial assets at FVTPL	<u>(794)</u>	<u>–</u>
	<u>6,016</u>	<u>4,711</u>

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	38,695	35,803
Contributions on defined contribution retirement plans	1,096	962
Share-based payment	1,777	2,072
Other benefits	<u>2,047</u>	<u>809</u>
	<u>43,615</u>	<u>39,646</u>

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration (<i>note</i>)	656	828
Depreciation:		
– Owned assets	1,343	1,504
– Assets held under finance lease	–	1,385
– Right-of-use assets under HKFRS 16	5,599	–
Amortisation of intangible assets	2,183	2,153
Exchange loss, net (<i>note</i>)	1,425	483
Consultancy fee (<i>note</i>)	3,677	2,607
Allowance for expected credit losses	125,182	60,520
Impairment loss (<i>note</i>):		
– Goodwill (<i>note 16</i>)	19,602	10,087
– Intangible assets (<i>note 15</i>)	14,049	–
Professional fee (<i>note</i>)	4,724	7,243
Marketing and business development expenses (<i>note</i>)	4,804	4,624
Lease charges (<i>note</i>):		
– Premises held under operating leases	–	4,627
– Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	513	–

Note: These expenses are included in “other expenses” in the consolidated statement of comprehensive income.

9. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank borrowings	2,967	2,430
Interest on other borrowings	182	–
Finance charges on lease liabilities (2019: Interest on finance lease liabilities)	102	73

10. INCOME TAX CREDIT

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% (2019: 8.25%), and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2019: 16.5%).

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong profits tax		
Over-provision in respect of prior year	<u>(751)</u>	<u>(14)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(1,019)</u>	<u>(120)</u>
Total income tax credit	<u><u>(1,770)</u></u>	<u><u>(134)</u></u>

The income tax credit for the year can be reconciled to the loss before income tax per the consolidated statement of comprehensive income as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before income tax	<u>(160,146)</u>	<u>(71,549)</u>
Tax at Hong Kong profits tax rate 16.5% (2019: 16.5%)	(26,425)	(11,640)
Tax effect of non-deductible expenses	4,133	2,420
Tax effect of non-taxable revenue	(29)	(100)
Tax effect of temporary differences not recognised	873	306
Tax effect of tax losses not recognised	21,013	9,174
Effect of two-tiered profits tax rates regime	(111)	–
Utilisation of tax loss previously not recognised	(321)	(150)
Over-provision in respect of prior year	(751)	(14)
Others	<u>(152)</u>	<u>(130)</u>
Income tax credit	<u><u>(1,770)</u></u>	<u><u>(134)</u></u>

The Group has not recognised deferred tax asset in respect of the unused tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK\$231,281,000 (2019: HK\$113,637,000) can be carried forward indefinitely.

11. DIVIDEND

The Board has resolved not to recommend the payment of any dividend for the year ended 31 March 2020 (2019: nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(158,376)</u>	<u>(71,415)</u>
		(Restated)
Number of shares (thousands)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>120,020</u>	<u>136,107</u>

Notes:

- (a) For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares has been adjusted retrospectively for the effect of the share consolidation completed on 22 August 2019 (note 25(b)) as if the share consolidation had been completed on 1 April 2018.
- (b) The weighted average number of ordinary shares for the years ended 31 March 2020 and 2019 has been adjusted to reflect the shares repurchased (note 25(a)) and shares held for the Plan.
- (c) The diluted loss per share for the years ended 31 March 2020 and 2019 was the same as the basic loss per share as all the potential ordinary shares were anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Office premise <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2018	–	3,318	1,136	7,863	12,317
Additions	–	89	260	809	1,158
Written-off	–	–	–	(708)	(708)
At 31 March 2019	–	3,407	1,396	7,964	12,767
Adjustment from the adoption of HKFRS 16 (<i>note 2</i>)	4,458	–	–	–	4,458
At 1 April 2019 (Restated)	4,458	3,407	1,396	7,964	17,225
Additions	–	–	77	–	77
At 31 March 2020	4,458	3,407	1,473	7,964	17,302
Accumulated depreciation					
At 1 April 2018	–	921	858	4,924	6,703
Depreciation	–	1,176	157	1,556	2,889
Written-off	–	–	–	(708)	(708)
At 31 March 2019 and 1 April 2019	–	2,097	1,015	5,772	8,884
Depreciation	4,458	1,210	133	1,141	6,942
At 31 March 2020	4,458	3,307	1,148	6,913	15,826
Net book value					
At 31 March 2020	–	100	325	1,051	1,476
At 31 March 2019	–	1,310	381	2,192	3,883

As at 31 March 2020, included in the net carrying amount of property, plant and equipment are right-of-use assets (2019: motor vehicles of net book value of HK\$2,192,000 are held under finance lease) as follows:

	Carrying amount		Depreciation
	At 31 March 2020 <i>HK\$'000</i>	At 1 April 2019 <i>HK\$'000</i>	Year ended 31 March 2020 <i>HK\$'000</i>
Office premise	–	4,458	4,458
Motor vehicles	1,051	2,192	1,141
Total	1,051	6,650	5,599

During the year ended 31 March 2020, there are no additions to right-of-use assets included in property, plant and equipment. The details in relation to these leases are set out in note 23.

14. INVESTMENT PROPERTY

	2020 HK\$'000	2019 <i>HK\$'000</i>
As at 1 April	12,500	–
Addition	–	12,038
(Decrease)/Increase in fair value	<u>(1,500)</u>	<u>462</u>
As at 31 March	<u>11,000</u>	<u>12,500</u>

Investment property represents property located in Hong Kong held as lessor under operating leases to earn rentals or for capital appreciation.

Investment property was revalued on 31 March 2020 and 2019 by an independent professional valuer. The valuation, which conforms to The Valuation Standards of the Hong Kong Institute of Surveyors, was arrived at using direct comparison approach in the course of valuation.

The direct comparison approach is a method of valuation by making reference to comparable market transactions. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties. Appropriate adjustments and analysis are considered to the differences in location and other characters between the comparable properties and the subject properties.

The fair value of the investment property is a level 2 recurring fair value measurement. There were no changes to the valuation techniques during the years ended 31 March 2020 and 2019. The fair value measurement is based on the above property's highest and best use, which does not differ from its actual use.

Valuation techniques of investment properties	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Direct comparison method	Market price ranging from HK\$5,906/sq.m. to HK\$6,613/sq.m. (2019: from HK\$6,383/sq.m. to HK\$8,071/sq.m.) and adjusted taking into account of locations and other individual factors such as size of land and construction in progress and conditions of prices	The higher the market price, the higher the fair value

During the years ended 31 March 2020 and 2019, there were no transfers between level 1 and level 2, or transfer into or out of level 3.

15. INTANGIBLE ASSETS

	Licenses <i>HK\$'000</i>	Customer relationship <i>HK\$'000</i>	Database <i>HK\$'000</i>	Accounting and management software <i>HK\$'000</i>	Valuation software <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 April 2018, 31 March 2019 and 1 April 2019	–	4,200	15,400	118	6,059	25,777
Addition	–	–	–	370	–	370
Acquisition of a subsidiary (note 26)	4,944	–	–	–	–	4,944
At 31 March 2020	4,944	4,200	15,400	488	6,059	31,091
Accumulated amortisation						
At 1 April 2018	–	2,216	2,438	67	2,691	7,412
Amortisation	–	700	770	20	663	2,153
At 31 March 2019 and 1 April 2019	–	2,916	3,208	87	3,354	9,565
Amortisation	–	700	770	51	662	2,183
At 31 March 2020	–	3,616	3,978	138	4,016	11,748
Accumulated impairment						
At 1 April 2018, 31 March 2019 and 1 April 2019	–	–	–	–	–	–
Impairment loss	–	584	11,422	–	2,043	14,049
At 31 March 2020	–	584	11,422	–	2,043	14,049
Net book value						
At 31 March 2020	4,944	–	–	350	–	5,294
At 31 March 2019	–	1,284	12,192	31	2,705	16,212

For the purpose of impairment testing, intangible assets have been included in the cash-generating units (“CGUs”) of (i) investment advisory and asset management service business; (ii) the Bonus Boost Group (comprising Bonus Boost International Limited and its subsidiary) which principally engaged in the provision of valuation and consultancy services; and (iii) the natural resources valuation business.

In respect of the licenses which were allocated to the CGU of investment advisory and asset management service business acquired during the year ended 31 March 2020 (note 26), the licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. The directors consider the licenses as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The licenses will not be amortised until their useful life are determined to be finite.

During the year ended 31 March 2020, the Group reviewed the recoverable amounts of the licenses. No impairment loss has been recognised during the year. The recoverable amounts of the licenses were determined based on fair value less costs of disposal based on market approach. Key assumptions used in the fair value less costs of disposal included a marketability discount of 14.8%. The higher the marketability discount, the lower the fair value less costs of disposal of the licenses.

In respect of the customer relationship and database which were allocated in the CGU of the Bonus Boost Group acquired in 2015, the directors conducted a review of the recoverable amounts of the CGU containing the customer relationship and database, and determined that an impairment loss of HK\$584,000 (2019: nil) and HK\$11,422,000 (2019: nil) are recognised in profit or loss for the year ended 31 March 2020, respectively. Further details on impairment assessment of the CGU of the Bonus Boost Group are set out in note 16.

In respect of the valuation software which were allocated in the CGU of the natural resources valuation business, the directors conducted a review of the recoverable amounts of the CGU containing the valuation software. The recoverable amounts for the CGU were determined based on value in use calculations covering using cash flows projections covering the useful life of the valuation software, with a discount factor of 14% (2019: 14%) for the year ended 31 March 2020. Due to the decrease market demand on natural resources valuation services, the revenue of the natural resources valuation business was adversely affected. The recoverable amount of the CGU was reduced to nil and accordingly an impairment loss of HK\$2,043,000 (2019: nil) is recognised in profit or loss for the year ended 31 March 2020.

16. GOODWILL

The carrying amount of goodwill mainly arose from the acquisition of the Bonus Boost Group in 2015 and the acquisition of Leo Asset Management Limited (“Leo Asset”) during the year ended 31 March 2020 (note 26). The net carrying amount of goodwill can be analysed as follows:

	2020	2019
	HK\$'000	HK\$'000
Net carrying amount:		
As at 1 April	15,242	25,329
Acquisition of a subsidiary (note 26)	7,528	–
Impairment loss	<u>(19,602)</u>	<u>(10,087)</u>
As at 31 March	<u><u>3,168</u></u>	<u><u>15,242</u></u>

The carrying amount of goodwill, net of any impairment loss, is allocated to the following CGUs:

	2020	2019
	HK\$'000	HK\$'000
Net carrying amount:		
Bonus Boost Group (note (a))	–	15,242
Leo Asset (note (b))	<u>3,168</u>	<u>–</u>
	<u>3,168</u>	<u>15,242</u>

Notes:

- (a) The recoverable amount of the goodwill relating to the Bonus Boost Group has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5% (2019: 3.0%).

	2020	2019
Discount rate	10%	14%
Operating (loss)/profit margin*	(17%)–(32%)	10%–38%
Growth rate within the five-year period	3%	3%–45%

The discount rate used is pre-tax and reflect specific risks relating to the Bonus Boost Group. The operating margin and growth rate within the five-year period have been based on management expectation and the result of the market research and prediction. During the year ended 31 March 2020, due to the expected decrease in customers' demand as a result of the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") in 2020 and fierce competition in the valuation and consultation industry, the recoverable amount of the CGU was reduced to nil and accordingly, impairment loss of goodwill approximately HK\$15,242,000 (2019: HK\$10,087,000) was provided.

- (b) The recoverable amount of the goodwill relating to Leo Asset has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.0%.

	2020
Discount rate	11%
Operating margin*	4%–30%
Growth rate within the five-year period	3%–20%

The discount rate used is pre-tax and reflect specific risks relating to Leo Asset. The operating margin and growth rate within the five-year period have been based on management expectation and the result of the market research and prediction. During the year ended 31 March 2020, due to the expected decrease in customers' demand as a result of the COVID-19 outbreak in 2020, the recoverable amount of the CGU amounting to HK\$7,659,000 was calculated to be lower than its carrying amount and accordingly, impairment loss of goodwill approximately HK\$4,360,000 was provided.

* defined as (loss)/profit before income tax expense divided by revenue

17. OTHER FINANCIAL ASSETS

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Financial asset at FVTOCI	<i>(a)</i>	3,780	13,526
Financial assets at FVTPL	<i>(b)</i>	<u>742</u>	<u>–</u>
		<u>4,522</u>	<u>13,526</u>

Notes:

(a) Financial asset at FVTOCI

The balance represented the Group's strategic investment of a 19.9% equity interest in Greater China Appraisal Limited ("Greater China Appraisal"). The investment was not accounted for in an equity method as the Group does not have the power to participate in its operating and financial policies, evidenced by the lack of any direct or indirect involvement at board level.

The Group designated its investment in this unlisted investment as financial asset at FVTOCI, as this investment is held as long-term strategic investments that is not expected to be sold in the short to medium term.

(b) Financial assets at FVTPL

	2020 HK\$'000	2019 HK\$'000
Equity investments – Listed in Hong Kong	543	–
Other derivatives	<u>199</u>	<u>–</u>
	<u>742</u>	<u>–</u>

18. LOAN AND INTEREST RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Loan and interest receivables	535,779	414,118
Less: ECL allowance	<u>(176,590)</u>	<u>(54,267)</u>
	359,189	359,851
Less: Non-current portion loan and interest receivables	<u>(115,295)</u>	<u>(166,858)</u>
	<u>243,894</u>	<u>192,993</u>

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interest at contract rates ranging approximately 8%–48% per annum (2019: approximately 8%–48% per annum).

A maturity profile of the loan and interest receivables based on the maturity date at the end of reporting period is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 year	243,894	192,993
1 to 5 years	115,295	166,517
Over 5 years	–	341
	<u>359,189</u>	<u>359,851</u>

The table below reconciles the ECL allowance on loan and interest receivables for the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at 1 April	54,267	28,505
ECL allowance recognised	126,077	26,181
ECL allowance reversed	(3,654)	(118)
Written-off	(100)	(301)
Balance at 31 March	<u>176,590</u>	<u>54,267</u>

19. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Third parties	35,354	31,561
Less: ECL allowance of trade receivables	<u>(22,984)</u>	<u>(21,423)</u>
	<u>12,370</u>	<u>10,138</u>

Trade receivables mainly arise from valuation and advisory services. Invoices issued to customers are in accordance with the payment terms stipulated in the contracts and payable on issuance. The ageing analysis of trade receivables (net of ECL allowance) based on invoice date at the end of reporting period is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	6,229	5,961
31 to 60 days	810	1,446
61 to 90 days	521	591
91 to 180 days	1,688	650
181 to 360 days	3,122	1,490
	<u>12,370</u>	<u>10,138</u>

The table below reconciles the ECL allowance on trade receivables for the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance as at 1 April	21,423	20,363
ECL allowance recognised	2,309	2,580
ECL allowance reversed	(748)	(406)
Written-off	–	(1,114)
	<u>22,984</u>	<u>21,423</u>

20. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND CONTRACT ASSETS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract assets	94	9,143
Prepayments	1,017	1,181
Deposits	1,812	2,880
Other receivables	48,487	57,897
	<u>51,410</u>	<u>71,101</u>
Less: ECL allowance of deposits, other receivables and contract assets	(41,489)	(49,340)
	9,921	21,761
Less: Non-current portion deposit	–	(800)
	<u>9,921</u>	<u>20,961</u>

The table below reconciles the ECL allowance on deposits, other receivables and contract assets for the year:

	2020	2019
	HK\$'000	HK\$'000
Balance as at 1 April	49,340	16,156
ECL allowance recognised	1,198	33,493
ECL allowance reversed	–	(6)
Written-off	(9,049)	(303)
	<u>41,489</u>	<u>49,340</u>

21. TRADE PAYABLES

	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
Trade payables arising from:			
– Securities broking business	<i>(a)</i>	798	–
– Valuation and advisory business	<i>(b)</i>	889	338
		<u>1,687</u>	<u>338</u>

Notes:

- (a) Trade payables arising from securities broking business represent the monies received from and repayable to brokerage clients. Trade payables to brokerage clients are interest bearing at the prevailing interest rate and repayable on demand.
- (b) The Group was granted by its suppliers credit periods ranging from 0 to 30 (2019: 0 to 30) days. The ageing analysis of the trade payables arising from valuation and advisory business based on invoice date at the end of reporting period is as follows:

	2020	2019
	HK\$'000	HK\$'000
0 to 30 days	596	44
Over 360 days	293	294
	<u>889</u>	<u>338</u>

22. ACCRUED LIABILITIES, OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accrued liabilities and other payables	4,579	3,902
Contract liabilities (<i>note</i>)	<u>44,038</u>	<u>32,964</u>
	<u><u>48,617</u></u>	<u><u>36,866</u></u>

Note:

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying valuation and advisory services are yet to be provided.

The Group recognises the contract liabilities as revenue when the underlying services are completed. Contract liabilities outstanding at the beginning of the year amounting to HK\$9,181,000 (2019: HK\$13,830,000) have been recognised as revenue during the year.

The Group has elected the practical expedient for not to disclose the remaining performance obligation because the unsatisfied performance obligations as part of the contracts has original expected duration of one year or less.

Significant increase in contract liabilities was primarily due to increase in the number of project in progress as at 31 March 2020.

23. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities (2019: finance lease liabilities):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Total minimum lease payments:		
Due within one year	417	985
Due within two to five years	251	668
	668	1,653
Less: future finance charges	(29)	(69)
Present value of lease liabilities	639	1,584
Present value of minimum lease payments:		
Due within one year	401	944
Due within two to five years	238	640
	639	1,584
Less: payment due within one year included under current liabilities	(401)	(944)
Payment due after one year included under non-current liabilities	238	640

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 March 2019 has not been restated and relates solely to leases previously classified as finance lease. Details for transitions to HKFRS 16 are set out in note 2.

As at 31 March 2020, lease liabilities amounting to HK\$639,000 are effectively secured by the related underlying assets (note 13) as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 March 2020, the total cash outflow for the leases (including short-term leases) are HK\$6,018,000.

Details of the lease activities

At 31 March 2020, the Group has entered into leases for the items listed as follows:

Types of right-of-use assets	Number of leases	Range of remaining lease term	Particulars
Motor vehicles	2	1 to 3 years	Subject to monthly fixed payment
Office premise	1	1 month	Subject to monthly fixed payment

24. INTEREST-BEARING BORROWINGS

	Notes	2020 HK\$'000	2019 HK\$'000
Current			
Bank borrowings repayable within one year	(a)	43,345	100,000
Other borrowings	(b)	<u>12,300</u>	<u>–</u>
		<u>55,645</u>	<u>100,000</u>

Notes:

(a) Bank borrowings

As at 31 March 2020, the bank borrowings of HK\$43,345,000 (2019: HK\$100,000,000) were secured by bank deposits of HK\$48,157,000 (2019: HK\$108,557,000) placed in a bank. Interest is charged at London Inter-bank offered rate+1% (2019: Hong Kong Inter-bank Offered Rate +1%) per annum.

The above banking facilities of the loans are subject to the fulfillment of covenants relating to minimum requirement of pledged bank deposits and compliance of the bank's administrative requirements, as are commonly found in lending arrangements with financial institutions in Hong Kong. If the subsidiary were to breach the covenants, the drawn down facility would become repayable on demand.

As at 31 March 2020 and 2019, the bank borrowings were scheduled to repay within one year or on demand.

The Group regularly monitors the compliance with these covenants and the scheduled repayments of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the subsidiary continues to meet these requirements. As at 31 March 2020 and 2019, none of the covenants relating to drawn down facilities had been breached.

(b) Other borrowings

The other borrowings of HK\$12,300,000 (2019: nil) are unsecured, bear an interest of 6% per annum and repayable within one year.

25. SHARE CAPITAL

	Number of ordinary shares			HK\$'000
	at HK\$0.064 each	at HK\$1.28 each	at HK\$0.01 each	
Authorised:				
At 1 April 2018, 31 March 2019 and 1 April 2019	9,000,000,000	–	–	576,000
Effect of share consolidation (note (b))	(9,000,000,000)	450,000,000	–	–
Effect of share sub-division (note (d))	–	(450,000,000)	57,600,000,000	–
At 31 March 2020	–	–	57,600,000,000	576,000
Issued:				
At 1 April 2018	3,124,908,311	–	–	199,994
Effect of share repurchased and cancelled (note (a))	(424,500,000)	–	–	(27,168)
At 31 March 2019 and 1 April 2019	2,700,408,311	–	–	172,826
Effect of share consolidation (note (b))	(2,700,408,311)	135,020,415	–	–
Effect of capital reduction (note (c))	–	(135,020,415)	135,020,415	(171,476)
At 31 March 2020	–	–	135,020,415	1,350

Notes:

- (a) During the year ended 31 March 2019, the Company repurchased a total of 424,500,000 shares on the Stock Exchange with an aggregate consideration of approximately HK\$38,794,000. The above shares were cancelled.
- (b) Pursuant to the share consolidation being completed on 22 August 2019, every twenty (20) of the then shares of par value of HK\$0.064 each in the share capital of the Company was consolidated into one (1) consolidated share of par value of HK\$1.28 each. Upon the share consolidation became effective, the authorised number of share capital of the Company decreased from 9,000,000,000 shares of par value of HK\$0.064 each to 450,000,000 consolidated shares of par value of HK\$1.28 each.
- (c) Pursuant to the capital reduction being completed on 7 November 2019 (the “Capital Reduction”), the par value of issued consolidated shares was reduced from HK\$1.28 each to HK\$0.01 by cancelling the paid up capital to the extent of HK\$1.27 on each issued consolidated share. Accordingly, the issued share capital decreased by HK\$171,476,000 to HK\$1,350,000, standing to the credit of the share premium account of HK\$171,476,000.
- (d) Immediately following the Capital Reduction, each of the authorised but unissued consolidated share with par value of HK\$1.28 each be sub-divided into one hundred and twenty-eight (128) share of par value at HK\$0.01 each (the “Share Sub-division”). Accordingly, the total authorised share capital were increased to 57,600,000,000 shares at par value of HK\$0.01 each.

26. ACQUISITION OF A SUBSIDIARY

On 21 December 2018, an indirect wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party, pursuant to which the Group agreed to acquire the entire issued share capital of Leo Asset at the consideration of HK\$12,000,000 (the “Acquisition”). The Acquisition was completed on 27 November 2019. Leo Asset is a corporation licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”). The Acquisition was made as part of the Group’s strategy to diversify and provide further synergy effect to the existing businesses of the Group.

The following summarises the consideration paid for the Acquisition and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Fair value of net identifiable assets and liabilities acquired HK\$’000
Intangible assets	4,944
Deposit and other receivables	64
Cash and bank balances	280
Deferred tax liabilities	<u>(816)</u>
Net identifiable assets acquired	4,472
Goodwill (<i>note 16</i>)	<u>7,528</u>
	<u><u>12,000</u></u>
Satisfied by:	
Cash	<u><u>12,000</u></u>

Goodwill arose in the above business combination as the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the Acquisition is expected to be deductible for tax purpose.

The Group incurred transaction costs of approximately HK\$24,000 for the Acquisition.

An analysis of the cash flows in respect of the Acquisition is as follows:

	HK\$'000
Cash consideration	12,000
Less: Deposits paid	(800)
Less: Cash and bank balance acquired	<u>(280)</u>
Net outflow of cash and cash equivalents included in the cash flows from investing activities	<u><u>10,920</u></u>

The revenue and profit included in the consolidated statement of comprehensive income from 27 November 2019 to 31 March 2020 contributed by Leo Asset were HK\$110,000 and HK\$19,000, respectively.

Had the combination taken place on 1 April 2019, the revenue and loss of the Group for the year ended 31 March 2020 would have been increased by HK\$159,000 and decreased by HK\$123,000, respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and result of operation of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor are they intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2020, the Group's provision of valuation and advisory services contributed approximately 58.7% of the total revenue to the Group. The Group recorded a decrease in revenue generated from the provision of valuation and advisory services of approximately 5.7% as compared with that for the year ended 31 March 2019.

The Group aims to provide all-rounded with high quality service to its customers so as to sustain its growth. In addition, the Group always uses its best endeavours to explore various merger and acquisition opportunities and/or business collaboration to enhance its market presence in the valuation and advisory industry in Hong Kong.

The Group's provision of financing services contributed approximately 34.9% of the total revenue of the Group for the year ended 31 March 2020. The Group's interest income generated from provision of financing services for the year ended 31 March 2020 increased by approximately 16.7% as compared with that for the year ended 31 March 2019.

The Group has started a new segment, provision of securities broking, placing and underwriting services and investment advisory and asset management services during the year ended 31 March 2020, and it contributed approximately 6.4% of the total revenue to the Group.

The Group has been continuously seeking different opportunities to broaden its income stream and the market presence.

The Group distributed discretionary bonus and granted share options under the share option scheme of the Company (the "Share Option Scheme") to certain staff during the year ended 31 March 2020 to retain high-caliber individuals for their continuous contribution to the Group. The Group always considers its professional teams as the most valuable asset of the Group and offers competitive remuneration package to attract and retain high-caliber individuals.

SHARE CONSOLIDATION, CAPITAL REDUCTION AND SHARE SUB-DIVISION

On 22 July 2019, the Board proposed to implement a capital reorganisation involving share consolidation, capital reduction and share sub-division (the "Capital Reorganisation"). The Capital Reorganisation was approved by the shareholders of the Company (the "Shareholders") at an extraordinary general meeting held on 20 August 2019. The share consolidation became effective on 22 August 2019, and every twenty of the then existing issued and unissued shares of par value of HK\$0.064 each in the share capital of the Company was consolidated into one consolidated share of par value of HK\$1.28 each.

On 7 November 2019, the Board announced that (i) a copy of the order confirming the capital reduction and the share sub-division and the minutes approved by the Grand Court of the Cayman Islands containing the particulars required under the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised with respect to the capital reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands on 6 November 2019 (Cayman Islands time); and (ii) all the other conditions precedent for the implementation of the capital reduction and the share sub-division have been fulfilled. Accordingly, the capital reduction and the share sub-division became effective on 6 November 2019 (Cayman Islands time) or 7 November 2019 (Hong Kong time) that the nominal value of all consolidated shares be reduced from HK\$1.28 each to HK\$0.01 each.

For further details of the Capital Reorganisation, please refer to the announcements of the Company dated 22 July, 20 August, 23 October and 7 November 2019 and its circular dated 25 July 2019.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2020, the Group recorded an increase of approximately 8.6% in revenue as compared with that for the year ended 31 March 2019. Such increase was attributable to an increase in interest income generated from provision of financing services and the services fee income generated from the new segment of securities broking, placing and underwriting and investment advisory and asset management services outweighed a decrease in the services fee income generated from provision of valuation and advisory services.

The services fee income generated from provision of valuation and advisory services decreased by approximately 5.7% to approximately HK\$44.7 million for the year ended 31 March 2020 from approximately HK\$47.4 million for the year ended 31 March 2019. The outbreak of COVID-19 in the last three months of the year ended 31 March 2020 caused revenue for this quarter to decline and resulted in a slight decrease in revenue for the full financial year.

The interest income generated from provision of financing services increased by approximately 16.7% to approximately HK\$26.6 million for the year ended 31 March 2020 from approximately HK\$22.8 million for the year ended 31 March 2019. The increase in interest income was mainly attributable to the expansion of loan portfolio during the year ended 31 March 2020 as compared with that for the year ended 31 March 2019.

In addition, new segment of securities broking, placing and underwriting and investment advisory and asset management services has started operation and it has contributed approximately HK\$4.9 million revenue to the Group during the year ended 31 March 2020.

Other income and loss

The Group's net other income and loss increased by approximately 27.7% for the year ended 31 March 2020 as compared with that for the year ended 31 March 2019. It was mainly attributable to the increases in other marketing service income and bank interest income.

Employee benefit expenses

Employee benefit expenses mainly consisted of wages and salaries, discretionary bonus, pension costs and other benefits to the staff and the Directors. The Group's employee benefit expenses increased by approximately 10.0% for the year ended 31 March 2020 as compared with those for the year ended 31 March 2019. The increase was mainly attributable to rise of the headcounts. The Group always values the contribution of its professional and management teams and has distributed bonus and granted share options under the Share Option Scheme to certain staff during the year ended 31 March 2020 to retain high-caliber individuals for continuous contribution to the Group.

Depreciation and amortisation

The Group recorded a significant increase in depreciation and amortisation of approximately 81.0% for the year ended 31 March 2020 as compared with that for the year ended 31 March 2019. It was mainly attributable to the additional depreciation of right-of-use assets during the year ended 31 March 2020 in relation to the adoption of newly effective HKFRS 16.

Finance costs

The Group's finance costs referred to interest expenses incurred for interest-bearing borrowings, finance lease liabilities and lease liabilities. During the year ended 31 March 2020, more finance costs incurred was mainly due to the higher bank loan interest rate as compared with that for the year ended 31 March 2019.

Other expenses

The Group's other expenses increased by approximately 52.3% for the year ended 31 March 2020 as compared with those for the year ended 31 March 2019. Such an increase was mainly attributable to the increases in (i) impairment loss of intangible assets; and (ii) impairment loss of goodwill during the year ended 31 March 2020 as compared with those for the year ended 31 March 2019. The global pandemic of COVID-19, the social unrest in Hong Kong and the poor market sentiment due to the trade war between China and the United States of America inevitably eroded the economy and profitability of the Group and affected the intangible assets and goodwill generated from CGU of Bonus Boost Group and Leo Asset and led to impairment was made in the year.

Loss attributable to owners of the Company

Loss attributable to owners of the Company amounted to approximately HK\$158.4 million for the year ended 31 March 2020 which increased by approximately HK\$87.0 million as compared to the loss attributable to owners of the Company of approximately HK\$71.4 million for the year ended 31 March 2019. The increase was mainly attributable to the (i) significant increase in impairment loss on loan and interest receivables; (ii) impairment loss of intangible assets; and (iii) impairment loss of goodwill outweighing impact of increase in the Group's total revenue for the year ended 31 March 2020.

REVIEW ON ADVANCE TO ENTITY AND/OR PROVISION OF FINANCIAL ASSISTANCE

On 31 October 2019, the Group granted a loan facility of HK\$5,000,000 at an interest rate of 36% per annum for a term of three months to a company, for which a guarantor executed a guarantee in favour of the Group. As at 31 March 2020, the loan matured. Follow up works have been taken. For further details, please refer to the Company's announcements dated 31 October 2019 and 15 November 2019.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2020, the Group mainly financed its operations with its own working capital and bank borrowings. As at 31 March 2020 and 31 March 2019, the Group had net current assets of approximately HK\$228.7 million and HK\$306.3 million, respectively, including cash and bank balances of general accounts approximately HK\$19.2 million and HK\$109.9 million, respectively. The Group's pledged bank deposits of approximately HK\$48.2 million as at 31 March 2020 represented cash at bank held by the Group and pledged for bank borrowings. The Group's current ratio (current assets divided by current liabilities) were approximately 3.2 and 3.2 as at 31 March 2020 and 31 March 2019, respectively.

As at 31 March 2020 and 31 March 2019, the Group's total bank borrowings amounted to approximately HK\$43.3 million and HK\$100.0 million, respectively. All bank borrowings were denominated in United States Dollars ("US\$") as at 31 March 2020. Details of the bank borrowings of the Group are set out in note 24 to the consolidated financial statements in this announcement. As at 31 March 2020, the Group's other borrowings amounted to HK\$12.3 million (31 March 2019: nil). As at 31 March 2020 and 31 March 2019, the Group's total lease liabilities amounted to approximately HK\$0.6 million and HK\$1.6 million, respectively. The Group's gearing ratio (lease liabilities and interest-bearing borrowings divided by total equity) decreased to approximately 0.15 as at 31 March 2020 from approximately 0.19 as at 31 March 2019.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises. The Group's lease commitments amounted to approximately HK\$0.4 million and HK\$4.6 million as at 31 March 2020 and 31 March 2019, respectively. As at 31 March 2020, the Group did not have any capital commitments (31 March 2019: nil).

CAPITAL STRUCTURE

Details of the movements in the Company's share capital are set out in note 25 to the consolidated financial statements in this announcement.

SIGNIFICANT INVESTMENTS

Save for the investment of 19.9% equity interest in Greater China Appraisal and acquisition of the entire issued share capital of Leo Asset as disclosed in notes 17 and 26, respectively to the consolidated financial statements in this announcement, the Group did not hold any significant investments as at 31 March 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2020 (31 March 2019: nil).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2020, the Group's exposure to currency risk was limited to its bank balances denominated in Renminbi ("RMB") as a majority of the Group's transactions, monetary assets and liabilities are denominated in HK\$ and US\$. In the event that RMB appreciated by 10% (2019: 3%) against HK\$, the Group's loss for the year ended 31 March 2020 would decrease by approximately HK\$1,000 (2019: the Group's loss decreased by approximately HK\$615,000). On the contrary, if RMB depreciated by 10% (2019: 3%) against HK\$, the Group's loss for the year ended 31 March 2020 would increase by approximately HK\$1,000 (2019: the Group's loss increased by approximately HK\$615,000). As US\$ is pegged to HK\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. The Group will continue to monitor its foreign currency exposure closely.

PLEDGE OF ASSETS

As at 31 March 2020, save for the pledged bank deposits and motor vehicles acquired under leases, the Group did not pledge any of its assets (31 March 2019: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020 and 2019, the Group employed a total of 76 and 69 full-time employees, respectively. The Group's total employee benefit expenses were approximately HK\$43.6 million and HK\$39.6 million for the years ended 31 March 2020 and 2019, respectively. Remuneration is determined by reference to market conditions and the performance, qualification and experience of individual employee. In addition to a basic salary, discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. The Company adopted a share option scheme on 26 September 2011 and the Plan on 22 June 2018 as incentives to the Directors (in relation to the share option scheme only) and the eligible participants. The Group also provides and arranges on-the-job training for the employees.

USE OF PROCEEDS

In November 2017, the Company raised net funds of approximately HK\$258.0 million from its rights issue of 1,874,944,986 shares (the “RI Proceeds”). Up to the date of this announcement, approximately HK\$135.0 million of the RI Proceeds was utilised for the granting of various loans, approximately HK\$27.0 million of the RI Proceeds was used for investment in potential business and approximately HK\$33.0 million of the RI Proceeds was used for the Group’s general working capital, and the rest was kept as cash at a licensed bank in Hong Kong. The proposed and actual use of the RI Proceeds up to the date of this announcement are set as below.

	Proposed use of the RI Proceeds (HK\$ in million)	Actual use of the RI Proceeds from the date of issuance of RI and up to 31.03.2019 (HK\$ in million)	Actual use of the RI Proceeds during the year (HK\$ in million)	Unutilised RI Proceeds as at date of this announcement (HK\$ in million)
Expansion of Group’s existing financing business	135.0	135.0	0	0
Investment in potential businesses (<i>note</i>)	90.0	15.8	11.2	63.0
General working capital	<u>33.0</u>	<u>33.0</u>	<u>0</u>	<u>0</u>
Total	<u>258.0</u>	<u>183.8</u>	<u>11.2</u>	<u>63.0</u>

Note: The Company currently expects that the unutilised RI Proceeds will be used by 31 March 2022.

As at the date of this announcement, the proceeds were not utilised according to the expected timeframe previously disclosed in the interim report of the Company for six months ended 30 September 2019 arising from unforeseen delays caused by the social unrest in Hong Kong and global pandemic of the COVID-19 which has led the disruptions to the economy and therefore the management is more prudent and taking more time to seek the potential businesses.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the section headed “Significant Investments”, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2020.

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2020 (2019: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the section headed “Use of proceeds” above, the Group currently does not have other concrete plans for material investments and capital assets.

FUTURE PROSPECTS

The Group always aims to be the leading valuation and advisory services provider in Hong Kong. In order to maintain and further enhance the Group’s market presence in the valuation and advisory industry in Hong Kong, the Group will proactively explore further merger and acquisition opportunities and/or business collaboration. In order to well manage the Group’s credit risk, the Group will further diversify its loan portfolio.

The Group obtained a license from the SFC under the SFO to carry out Type 1 regulated activity (dealing in securities) on 13 December 2018. It has started operation and has brought a positive effect on the Group’s performance during the year ended 31 March 2020. In addition, the Group has entered into an agreement to conditionally agree to acquire the entire issued share capital of a company which is a corporation licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The acquisition of the licensed corporation has been completed during the year ended 31 March 2020. The Group will continue to realise its aims to become an integrated securities house in Hong Kong providing a wide range of securities broking and related financial services with a view to achieving a sustainable growth and increasing revenue streams, and maximising the return to the Shareholders ultimately.

The outbreak of COVID-19 has caused disruptions to the economic and social activities in the market that the Group operates in. Those disruptions pose threat on affecting the entire world and make the outlook highly uncertain.

In response to COVID-19 outbreak, the Group has made every effort to introduce a safe working environment for its workforce and introduced measures to prevent the spread of COVID-19 in the working environment, and will continue to impose appropriate measures to minimize the adverse impact on the business operation of the Group. In addition, the Company will maintain its core competitiveness, at the same time promote the operation of new business segment for securities broking, placing and underwriting and investment advisory and asset management, and improve the Group's ability to resist risks.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2020, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiries of all Directors by the Company, all Directors confirmed that they had complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors during the year ended 31 March 2020.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the year ended 31 March 2020, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code") except the following deviation:

Code Provision A.2.1

The above code provision stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

During the year ended 31 March 2020 and up to the date of this announcement, Mr. Yue Kwai Wa Ken has been both the chairman of the Board (the “Chairman”) and the chief executive officer of the Group (the “CEO”).

The Board considers that having the same person to perform the roles of both the Chairman and the CEO provides the Company with strong and consistent leadership, and allows effective and efficient planning and implementation of business decisions and strategies. Such structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board which comprises experienced and high-caliber individuals and having meeting regularly to discuss issues affecting the operations of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2020.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations in Hong Kong in respect of environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as its valuable assets and it strictly complies with the labour laws and regulations in Hong Kong and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as the medical reimbursement and organising annual dinner, sports activities, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group maintains effective communications and develops long-term trust relationships with the suppliers. During the year ended 31 March 2020, there was no material dispute or arguments between the Group and the suppliers.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2020 or subsisted as at 31 March 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2020 and up to the date of this announcement, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any business that competed or might compete with the businesses of the Group, or had any other conflict of interest with the Group.

EVENT AFTER THE REPORTING DATE

On 12 May 2020, the Company successfully completed a placing of 27,000,000 new shares to independent investors at a price of HK\$0.21 per placing share, representing a discount of approximately 17.65% to the closing price of HK\$0.255 per share as quoted on the Stock Exchange on 27 April 2020, being the date of the placing agreement. The gross and net proceeds (after deducting the placing commission and other related expenses from the Placing) are HK\$5.67 million and approximately HK\$5.48 million, respectively. The Company intends to apply the net proceeds for the general working capital of the Group. For further details, please refer to the Company's announcements dated 27 April 2020 and 12 May 2020.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established on 26 September 2011 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The terms of reference of the Audit Committee are available at the respective websites of the Company and the Stock Exchange. The major roles and functions of the Audit Committee are to review the financial systems of the Group; to review the accounting policies, financial positions and results, and financial reporting procedures of the Group; to communicate with external auditor; to assess the performance of internal financial and audit personnel; to review the risk management system and to assess the internal controls of the Group; and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The Company has adopted a whistleblowing policy in order to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group.

As at the date of this announcement, the Audit Committee currently consists of three members, namely Mr. Ko Wai Lun Warren, Ms. Li Tak Yin and Mr. Chung Man Lai (being the chairman of the Audit Committee), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this announcement, including the consolidated results of the Group for the year ended 31 March 2020.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Company's independent auditor, Grant Thornton Hong Kong Limited which was appointed on 11 March 2020 following the resignation of BDO Limited on the same day, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2020. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited in this announcement.

By order of the Board
Roma Group Limited
Yue Kwai Wa Ken
*Executive Director, Chief Executive Officer,
Chairman and Company Secretary*

Hong Kong, 10 June 2020

As at the date of this announcement, the executive Directors are Mr. Yue Kwai Wa Ken (Chairman and Chief Executive Officer) and Mr. Li Sheung Him Michael; and the independent non-executive Directors are Mr. Chung Man Lai, Mr. Ko Wai Lun Warren and Ms. Li Tak Yin.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at www.romagroup.com.